

P R O S P E R I T A S

EUGEN KLEIN REAL ESTATE BROKERAGE & MARKETING SYSTEMS

OCTOBER 2003

■ Pre-market Listings!

■ Top Story: Selling A Business: Part I

■ Inside:

Investment

Opportunities

Editorial



Over the past six months I have consistently received calls from people who are considering selling their

businesses. In response I will be writing a series of articles following the process of transacting a business - the first of which is featured in this month's issue: "Cashing In - Advantage: Seller".

As this series gets going you will be able to follow it on-line in the new "Resources" section that I will be adding to my web site. I have been asked to contribute some articles to the local papers which will likely be based on this series, but will contain more information (assuming that there is more space than the limited amount I have here!) I will let you know which papers, and when the articles will be in print.

If you should have any questions regarding the disposition of your own business that are raised by these articles, you are more than welcome to call me to discuss your position at your convenience. It would be my pleasure to give you an accurate estimation of value in the current market. ■

Eugen L. Klein
B.Comm (UREC), CRES, ARM®, RI, FRI
eugenklein@shawcable.com
Tel. 604.818.5888
Tel. 1.800.818.8599



I would like to posit the following situation.

Imagine an immigrant couple, citizens for the past 30 or 40 years who initially arrived in Canada with little in their pockets, but holding a passionate belief in the limitless opportunities this land of ours offered. Over many years, with long hours of diligent work they have realized their dreams through a successful business that has enabled them to support a family and generate wealth. Perhaps ten, fifteen years ago they purchased the building where they conduct their business - maybe they have expanded their operations to several locations. No longer eager to face the stress of maintaining the business, and looking forward to the opportunity to retire, they wish to pass the mantle on. Unfortunately, the children have grown up and moved

Cashing In

Part I: Selling a Business - Introduction

By Eugen Klein, B.Comm(UREC), CRES, ARM®, RI, FRI
Real Estate Broker

on with their careers. The option left is sale of the business.

At this point a whole host of questions rise up to confront them:

- What do we do?
- What is the value of the business and its attached land and buildings?
- Who can prepare and market our business?
- What is the timeline to properly prepare for the sale?

As a commercial realtor and business broker, the first thing I

recognize is that the principals of a business often view themselves less as asset owners and more as guardians - hence the desire not simply to sell, but to find a purchaser who will preserve their legacy. It is a slow psychological process to make the break from day to day activities and intimate

(continued on page 4)

T E S T I M O N I A L S

"You've got a 12-year head start from your closest competitor, so that's a definite advantage.

Thank you for inviting me to be a part of your network. I admire how you've already begun to give back to the community at this early stage in your career, and you seem to be already getting positive returns, such as that lady who's been championing you and spreading the word about the quality

of your service. And you seem to understand the universal law of showing gratitude to clients and members of your network, and I think that that's why people are reciprocating to you. As I've said this morning - you seem to have been doing things right, and doing the right things."

Mr. George Verdolaga
President
Flowform Design Group Ltd.

"I have known Eugen Klein for approximately fifteen years. I am impressed by his commitment to life and all its opportunities and challenges. By my experience he is hard working, honest, intelligent, sincere and courteous."

John Windsor, R.I.(B.C.), F.R.I.C.S.,
President
North American Property Corporation

"Eugen is very well qualified ... Eugen is a conscientious hardworking member of our profession and I have every confidence in [him]."

John R. D'Eathe, LL.B., R.I.(B.C.),
Chairman
Penreal Capital Management

Please visit us on the world wide web at www.eugen-klein.com

Goddard & Smith
International Realty Inc.



REVELSTOKE RESORT

Winter and Summer
Activities, Newly
Constructed

- 36 Rooms
- 3 years old
- Strong Winter Season



\$4,250,000



Coming Soon



\$10,500,000



\$1,650,000



\$2,400,000



Coming Soon



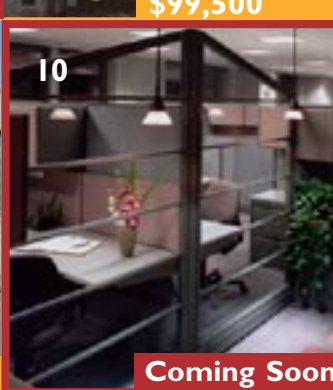
\$99,500



\$650,000



Contracted!



Coming Soon

2. MOBILE HOME PARK LAND

Okanagan valley, 20+ acres, all services at lot line. Conforming & non-conforming uses available. 100+ pads.

3. 46 ACRE DEVELOPMENT SITE

Between I-5 & Pacific Hwy; truck stop, manufacturing, duty free potential \$4.50-\$6.50/sq.ft. · Border proximity 10 parcels, all serviced

4. FAESSLER VINEYARDS

On beautiful Serpentine River near Cloverdale, BC. Permit application pending for Winery License.

5. RAFTER LY RANCH

7 km frontage on Bulkley River near Smithers BC. 4000 acres, prime cattle ranching. Secluded, easily accessible.

6. CLOTHING MANUFACTURING

\$2,500,000 Manufacturing business, growing revenues, business sale - leased premises.

7. DOWNTOWN STRATA OFFICE

Howe Street, Vancouver. Directly across the street from B.C. Supreme Court. Perfect for independent professional. Parking space included. Excellent amenities.

8. MIXED COMMERCIAL

Aldergrove: two level; commercial lease space downstairs and residential space upstairs. Fully leased/owner occupied.

9. TRAFFIC CONTROL COMPANY

Extremely lucrative business. Major contracts in place with city, municipalities, and blue chip companies. 34 years in operation.

10. OFFICE BUILDING VAN. ISLAND

7500 sq. ft. net leased investment

FRASER RIVER INDUSTRIAL

large 10+ acre property on Fraser River with deep sea port and rail access; 50,000+ sq. ft. building; great investment in view of future municipal development.

SHOPPING CENTRE REDEVELOPMENT

Shopping mall for redevelopment into mixed commercial/residential tower, 15 storeys. Upper floors will have exceptional view of Vancouver & Puget Sound \$13,000,000

This communication is not intended to induce a breach of already listed properties or businesses. All information must be verified by the purchaser. Images are representative only.

C O M M U N I T Y

My 'Community' section is dedicated to the extraordinary people who have contributed to my life with exceptional service. I would like to share my good fortune to know them with you. Please feel free to convey my recommendation.

BARFLY

Mr. Jesse Bannister
New Westminster (604) 519-0333

CHARTERED ACCOUNTANT

Mr. Grant Gilmour
Langley (604) 888-4200

CIBC RESIDENTIAL FINANCE

Mr. Adam Beaudin-Ball
West Vancouver (604) 981-2549

COMMERCIAL MORTGAGES

Mr. Gary Khangura
Vancouver (604) 879-0235

ENGLAND PAINTING

Mr. Andrew Rabek
Vancouver (604) 377-0763

EVERGREEN PRINTING

Mr. Shaf Malek
Vancouver (604) 734-3774

13. NIGHT CLUB - FRASER VALLEY

Established club with loyal clientele. Minutes from downtown Surrey. Excellent lease 5,000 sq.ft. currently undergoing full renovations.

14. ELECTRONICS SERVICE & SALES

Located in the lower mainland with full compliment of services. Contracts in place with major hotel chains, retailers. Flexible terms of acquisition. Real estate can be purchased or leased..

15. TACO TIME

Three locations in Greater Vancouver, Managers in place in all stores, owners retiring, franchises offered below market

16. AUTO REPAIR, DETAIL & SALES

Located on the North Shore. Building purchase option. Exceptional reputation. Owner relocating immed.!

17. JEWELRY STORE - BANFF

High Profile Location on main street., 1041 sq.ft. retail. Approx. 1,000,000 in sales!

18. GIFT SHOP - METROTOWN

2,580 sq. ft. - Excellent exposure. Inventory extra. Priced for quick sale.

19. ENGLISH TRAINING COLLEGE

Central Location in downtown Vancouver. \$800,000 in annual revenue.

20. 2 OFFICE STRATA UNITS

Abbotsford, BC - Airport Executive Park - Phase I property.

21. GAS STATION LOCATIONS

Lower mainland and interior BC locations. Great stable cash flows with car washes and convenience stores.

WANTED

20,000 - 30,000 sq. ft. retail location in close proximity to downtown: lease or buy

WANTED

Industrial building; south side of Fraser River, 1.5 acre lot with building preferred.

WANTED

Buyer for distress sale of mobile home park with redevelopment potential.



12

\$1,950,000

TOWING COMPANY

Serving all major southern BC highways from central location

- 17 years growth
- 13 trucks
- Major contracts
- Awesome cash flow!



13

\$595,000



14

\$1,365,000



15

Coming Soon



16

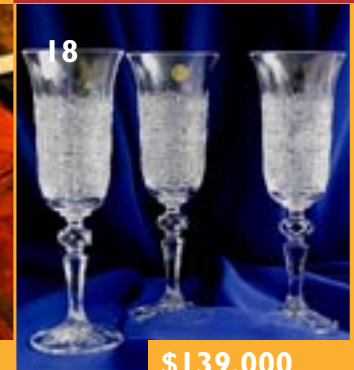
\$699,000

\$450,000



17

\$988,000



18

\$139,000



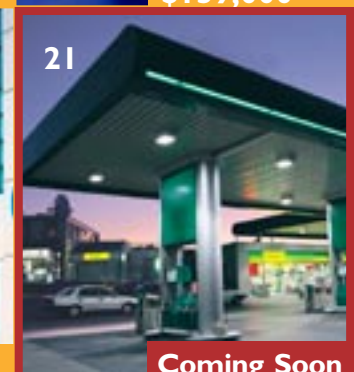
19

Contracted!



20

\$405,000



21

Coming Soon

This communication is not intended to induce a breach of already listed properties or businesses. All information must be verified by the purchaser. Images are representative only.

C O M M U N I T Y

KAL-TIRE

Mr. Paul Ouellet
North Vancouver (604) 985-4221

MAHOVLICH MARBLE & GRANITE

Mr. Frank Mahovlich
Vancouver (604) 293-0093

POPCORN CREATIVE

Mr. Simon Dabbs
Vancouver (604) 408-7767

VANCITY VENTURE CAPITAL

Mr. Axel Christiansen
Vancouver (604) 877-6582

MAGIC TOUCH AUTO CENTRE

Mr. Reza Akhavan
West Vancouver (604) 922-6666

NATIONAL HOME REVIEWS

Mr. Dean Kazoleas
Vancouver (604) 681-2108

VANCITY CREDIT UNION

Mr. Joe Chan
Vancouver (604) 877-8296

VALETOWN VIEWS MAGAZINE

Mr. Matthew Torren
Vancouver (604) 527-4804

Designed for Profit?

George Verdolaga
Flowform Design
Group Ltd.
(604) 321-8008

Whether you are a small, medium or large-sized office, it is important to design your office so that it can actually help you earn more profit and ease your overhead burden.

If you're on a tight budget, allocate your design dollars on areas that clients will encounter on a visit and make value-judgements, such as the reception area and boardroom. If you pay careful attention to these, they may conclude that you also take extra care of the people you serve and choose you to provide the service that they need.

Evenly distributed lighting is no longer necessary. Combine daylight and artificial light. Incorporating skylights can generate cost savings of up to 60%. Most tasks are done using computers, whose monitor screens already provide a certain level of light.

Firms need to keep on being client-oriented to get repeat business. In addition, they need to think of how to make their money work better for them as well as keep their employees motivated and productive. Creating an office that combines the power of technology and the benefits of good design will help companies to thrive in the 21st century. ■

Should I Incorporate?

by Grant Gilmour, Chartered Accountant

This is a common question for a new business owner. Here are some general rules to help you with your decision. There are both accounting and legal reasons for wanting to incorporate your business. This article does not cover any of the legal reasons, such as reducing liability, that you might want to incorporate. Please consult a qualified legal advisor.

When a business generates over \$60,000 profit per owner incorporation makes sense because the difference between the personal and corporate tax rates is so large that the business can take advantage of the lower corporate rates to save; profits can be reinvested and distributed to the owners at a later date. This means that if you have some money saved in the business you



can use it buy new equipment etc. which you then put to work to generate more profit. And because you are incorporated you can do this reinvesting sooner than you could when unincorporated. The difference in the two tax rates lets you save money faster.
Grant Gilmour Incorporated
(604) 888-4200 ■

Advantage: Seller

(continued from page 1)

involvement with growth and prosperity. Owners can make things more difficult by trying to control who purchases their business: the reality is that no one will be able to operate it as well and in the same fashion, as they did.

The best time to sell a business is always in a growing phase, and with renewable, active contracts in place. Business owners tend to shy away from considering selling the moment new revenues can be realized. The new growth becomes so invigorating to the owner that the sale of the business is often the last thing on their minds – of course this same excitement is what attracts potential purchasers. Foreseeable growth and secure contracts, along with a record of past success make it possible for me to

“...he can retire knowing that all his hard work has been paid for...”



obtain the most amicable financing for the purchasers, further increasing the number of good offers.

One misconception that many owners have is that they will lose any benefit from future net revenues if they sell now. In reality, in the pricing of any business, contracts and future revenues are priced toward the already established goodwill via a present value approach on the net returns. The advantage

to the seller is that he does not have to wait to realize those returns; a portion of them are his upon closing further decreasing his risk. He can retire knowing that all his work, including unrealized profits, has been accounted for, and that his quality of life in retirement is assured.

The purchaser, meanwhile, gains entry to the business with an established cash flow and the challenge of increasing it. ■

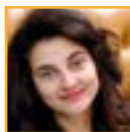
INVESTMENT ■ BUSINESS BROKERAGE ■ SITE SELECTION ■ ASSEMBLY



Eugen L. Klein

B.Comm (UREC), CRES, ARM®, RI, FRI
Broker

Email: eugenklein@shawcable.com
Cell: 604.818.5888
Toll Free: 1.800.818.8599
Direct: 604.691.6622
Fax: 604.691.6688



Dina Jabsheh

B.Comm (GMT)
Business Development
Unlicensed

Email: dinajabsheh@shawcable.com
Direct: 604.691.6610
Fax: 604.691.6688



Michael Mustard

B.Sc(Hons)
Information Systems Manager
Unlicensed

Email: mustard@goddard.ca
Direct: 604.691.6660
Fax: 604.691.6688

Please do not hesitate to call me at 604.818.5888; it is my pleasure to serve your real estate needs.

Goddard & Smith
International Realty Inc.

